AGENDA REPORT

Meeting Date: December 17, 2013

Item Number: D-2

To: Honorable Parking Authority

From: Brenda Lavender, Real Estate & Property Manager

Subject: CONSENT TO SUBLEASE AND CLARIFICATION OF LEASE OPERATING HOURS BY AND AMONG THE PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS (LANDLORD), STROUK GROUP INC (TENANT) AND SOUTHWEST WINE & SPIRITS, LLC (SUBTENANT) AT 447 N. CANON DRIVE

Attachments:

1. Consent to Sublease Agreement and Clarification of Lease Operating Hours

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RECOMMENDATION

It is recommended that the Parking Authority approve the Consent to Sublease and Clarification of Lease Operating Hours by and among the Parking Authority of The City of Beverly Hills as Landlord, Strouk Group Inc., dba Monsieur Marcel as Tenant and Southwest Wine & Spirits dba Wally's Wine & Spirits as Subtenant. A copy of the agreement is on file with the City Clerk. This agreement consents to the sublease of a portion of Monsieur Marcel's leased premises at 447 N. Canon Drive.

INTRODUCTION

Monsieur Marcel is a gourmet market and restaurant with its original location at the historic Los Angeles Farmers Market since 1993. Monsieur Marcel has expanded its locations to include a store at the 3rd Street Promenade and will open a gourmet store with Delaware North Corporation at Los Angeles International Airport. In September, 2011 City Council approved a lease with Monsieur Marcel at this location, and in February of 2013 Monsieur Marcel officially opened for business.

DISCUSSION

Since the opening the restaurant portion of the location has been well received, but the gourmet market portion has struggled. The gourmet market is not doing well and overall the sales are down for the location. As a result, Monsieur Marcel has requested

Landlord's approval to sublease approximately 1,500 rentable square feet to Southwest Wine & Spirits LLC, dba Wally's Wine & Spirits.

Wally's Wine & Spirit would take over the wine and spirits portion of the store, which would reduce Monsieur Marcel's monthly rent by $4,875.58, provide a security deposit of $10,544.26, in addition to providing marketing and advertising for the entire store. The starting sublease payment represents an increase of $376.64 monthly which will be shared 50/50 with the City.

Although Wally's will be subleasing a portion of the space, the building signage will not change and Stephane Strouk will continue to manage operations of the store. The Strouk Group will remain 100% responsible for the lease space and to the City.

This agreement also clarifies operating hours for the store as 9:00 a.m. through 11:00 p.m. Monday through Thursday; 9:00 a.m. through 12:00 a.m. Friday through Saturday; and 9:00 a.m. through 10:00 p.m. on Sunday, except on holidays.

FISCAL IMPACT

The fiscal impact of the sublease is an increase in rent of $2,259.84 annually resulting from the sublease payment.

David Lightner, Deputy City Manager, Director of Capital Assets

Approved By

Attachment 1

CONSENT TO SUBLEASE AGREEMENT AND CLARIFICATION OF LEASE OPERATING HOURS

THIS CONSENT TO SUBLEASE AGREEMENT AND CLARIFICATION OF LEASE OPERATING HOURS (this "Agreement") is made as of the 17th day of December, 2013, by and among, the PARKING AUTHORITY OF THE CITY OF BEVERLY HILLS ("Landlord"), STROUK GROUP, INC., a California corporation doing business as Monsieur Marcel ("Tenant"), and SOUTHWEST WINE & SPIRITS, LLC, a California limited liability company doing business as Wally's Wine & Spirits ("Subtenant").

RECITALS:

A. Reference is hereby made to that certain Lease dated as of September 27, 2011 between the City of Beverly Hills and Tenant (as the same may be amended, the "Lease") for premises consisting of approximately 6,280 rentable square feet of ground floor space of the building located at 447 N. Canon Drive, Beverly Hills, California (the "Premises"), as more particularly described in the Lease. The City of Beverly Hills has conveyed the Premises to Landlord.

B. Pursuant to the terms of Section 20(b) of the Lease, Tenant has requested Landlord's consent to that certain Sublease, dated October 20, 2013 between Tenant and Subtenant (the "Sublease"), with respect to a subletting by Subtenant from Tenant of the Premises, as more particularly described in the Sublease (the "Sublet Premises"). A copy of the Sublease is attached hereto as Exhibit A. Landlord is willing to consent to the Sublease on the terms and conditions contained herein.

C. All defined terms not otherwise expressly defined herein shall have the respective meanings given in the Lease.

AGREEMENT:

1. **Landlord's Consent; Indemnity of Landlord**. Landlord hereby consents to the Sublease; provided however, notwithstanding anything contained in the Sublease or this Agreement to the contrary, such consent is granted by Landlord only upon the terms and conditions set forth in this Agreement. The Sublease is subject and subordinate to the Lease, Subtenant shall not violate any of the terms of the Lease, and Subtenant shall comply with all provisions of the Lease (excepting only Tenant's rental payment obligations under the Lease) and Subtenant acknowledges and agrees that all non-monetary obligations of Tenant under the Lease, including, without limitation, Tenant's indemnity and maintenance obligations, shall be enforceable by Landlord against Subtenant to the extent applicable to the Sublet Premises. Landlord shall not be bound by any of the terms, covenants, conditions, provisions or agreements of the Sublease. Nothing contained in this Agreement shall: (a) be construed to modify, waive or affect (i) any of the provisions, covenants or conditions in the Lease, (ii) any of the obligations of the tenant under the Lease, or (iii) any rights or remedies of Landlord under the Lease or to enlarge or increase Landlord's obligations or the rights of the tenant under the Lease; and/or (b) be construed to waive any past, present or future breach or default on the part of Tenant or Subtenant under the Lease. No modifications may be made to the Sublease without Landlord's

prior written consent. In case of any conflict between the provisions of this Agreement and the provisions of the Sublease, the provisions of this Agreement shall prevail unaffected by the Sublease.

2. **Non Release of Tenant; Further Transfers**. Neither the Sublease nor this consent thereto shall release or discharge Tenant from any liability, whether past, present or future, under the Lease or alter the primary liability of the Tenant to pay the rent and perform and comply with all of the obligations of Tenant to be performed under the Lease (including, without limitation, the payment of all bills rendered by Landlord for charges incurred by Subtenant for services and materials supplied to the Sublet Premises). Neither the Sublease nor this consent thereto shall be construed as a waiver of Landlord's right to consent to any further subletting either by Tenant or by the Subtenant or to any assignment by Tenant of the Lease or assignment by the Subtenant of the Sublease, or as a consent to any portion of the Sublet Premises being used or occupied by any other party. Landlord may consent to subsequent sublettings and assignments of the Lease or the Sublease or any amendments or modifications thereto without notifying Tenant or Subtenant nor anyone else liable under the Lease and without obtaining their consent. No such action by Landlord shall relieve such persons from any liability to Landlord or otherwise with regard to the Sublet Premises.

3. **Relationship With Landlord**. Tenant hereby assigns and transfers to Landlord Tenant's interest in the Sublease and all rentals and income arising therefrom, subject to the terms of this Section 3. Landlord, by consenting to the Sublease agrees that until a default shall occur in the performance of Tenant's obligations under the Lease, and subject to any payments due Landlord under Section 5 of the Lease, fifty percent (50%) of "Excess Consideration" as described in Section 20 of the Lease, and other amounts to which Landlord is entitled under the Lease, Tenant may receive, collect and enjoy the rents accruing under the Sublease. In the event Tenant shall be in default in the performance of its obligations to Landlord under the Lease beyond any applicable notice and cure periods (whether or not Landlord terminates the Lease), Landlord may, at its option (in its sole and absolute discretion) by notice to Tenant, to (i) terminate the Sublease, (ii) elect to receive and collect, directly from Subtenant, all rent and any other sums owing and to be owed under the Sublease, as further set forth in Section 3.1 below, and/or (iii) elect to succeed to Tenant's interest in the Sublease and cause Subtenant to attorn to Landlord, as further set forth in Section 3.2 below.

3.1 **Landlord's Election to Receive Rents**. Landlord shall not, by reason of the Sublease, the collection of rents or any other sums from the Subtenant or otherwise, be deemed liable to Subtenant for any failure of Tenant to perform and comply with any obligation of Tenant. Tenant hereby irrevocably authorizes and directs Subtenant, upon receipt of any written notice from Landlord stating that a default exists in the performance of Tenant's obligations under the Lease, to pay to Landlord the rents and any other sums due and to become due under the Sublease. Tenant agrees that Subtenant shall have the right to rely upon any such statement and request from Landlord, and that Subtenant shall pay any such rents and any other sums to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall not have any right or claim against Subtenant for any such rents or any other sums so paid by Subtenant to Landlord. Landlord shall credit Tenant with any rent received by Landlord under such assignment but the acceptance of any payment on account of rent or any other amount from

Subtenant as the result of any such default or otherwise shall in no manner whatsoever be deemed an attornment by the Landlord to Subtenant or by Subtenant to Landlord, be deemed a waiver by Landlord of any provision of the Lease or serve to release Tenant from any liability under the terms, covenants, conditions, provisions or agreements under the Lease. Notwithstanding the foregoing, any other payment of rent or other amounts from Subtenant directly to Landlord, regardless of the circumstances or reasons therefor, shall in no manner whatsoever be deemed an attornment by Subtenant to Landlord in the absence of a specific written agreement signed by Landlord to such an effect.

3.2 **Landlord's Election of Subtenant Attornment**. In the event Landlord elects, at its option (in its sole and absolute discretion), to cause Subtenant to attorn to Landlord, Subtenant shall immediately attorn to Landlord under the terms of the Sublease, Landlord shall undertake the obligations of Tenant under the Sublease from the time of the exercise of the option, but Landlord shall not (i) be liable for any prepayment of rent, any security deposit paid by Subtenant or any other amount paid by Subtenant to Tenant, (ii) be liable for any improvement allowances, contributions, disbursements, abatement and/or other amounts and/or concessions to be paid and/or provided by Tenant to Subtenant, (iii) be liable for any previous act or omission of Tenant under the Lease and/or the Sublease (including, without limitation, any default by Tenant), (iv) be subject to any defenses or offsets previously accrued which Subtenant may have against Tenant, or (v) be bound by any changes or modifications made to the Sublease without the written consent of Landlord.

4. **Sublease/Subtenant Hours of Operation**. In accordance with Section 5 of the Sublease, Subtenant shall continuously operate its business in the Sublet Premises from 9:00 a.m. through 11:00 p.m. Monday through Thursday; 9:00 a.m. through 12:00 a.m. Friday through Saturday; and 9:00 a.m. through 10:00 p.m. on Sunday, except on holidays (or during such greater hours and other days as Subtenant may desire, subject to Tenant's approval), and subject to interruptions by Landlord or Tenant in connection with Landlord's or Tenant's exercise or performance of its obligations under the Lease or Sublease, as applicable, and other interruptions beyond the control of Subtenant (excluding the financial condition of Subtenant).

5. **Lease/Tenant Hours of Operation; Clarification of Lease**. In order to clarify Section 7(b) of the Lease, Tenant agrees that Tenant shall continuously operate its business in the Premises from 9:00 a.m. through 11:00 p.m. Monday through Thursday; 9:00 a.m. through 12:00 a.m. Friday through Saturday; and 9:00 a.m. through 10:00 p.m. on Sunday, except on holidays (or during such greater hours and other days as Tenant may desire), and subject to interruptions by Landlord in connection with Landlord's exercise or performance of its obligations under the Lease and other interruptions beyond the control of Tenant (excluding the financial condition of Tenant).

6. **General Provisions**.

6.1 **Consideration for Sublease**.

(a) Landlord's consent under this Agreement is conditioned upon the delivery to Landlord of a fully executed written Sublease.

(b) Tenant and Subtenant represent and warrant that there are no additional payments of rent or any other consideration of any type payable by Subtenant to Tenant with regard to the Sublet Premises other than as disclosed in the Sublease.

6.2 **Brokerage Commission**. Tenant and Subtenant covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the Sublease and Tenant and Subtenant agree to protect, defend, indemnify and hold Landlord harmless from the same and from any cost or expense (including but not limited to reasonable attorneys' fees) incurred by Landlord in resisting any claim for any such brokerage commission.

6.3 **Controlling Law**. The terms and provisions of this Agreement shall be construed in accordance with and governed by the laws of the State of California.

6.4 **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and assigns. As used herein, the singular number includes the plural and the masculine gender includes the feminine and neuter.

6.5 **Captions**. The paragraph captions utilized herein are in no way intended to interpret or limit the terms and conditions hereof; rather, they are intended for purposes of convenience only.

6.6 **Partial Invalidity**. If any term, provision or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent possible permitted by law.

6.7 **Attorneys' Fees**. If either party commences litigation against the other for the specific performance of this Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

6.8 **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original part and all of which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have executed this Consent to Sublease Agreement as of the day and year first above written.

"LANDLORD":

PARKING AUTHORITY OF THE CITY
OF BEVERLY HILLS
a municipal corporation

By: _____
John A. Mirisch,
Chairman of the Board of Directors

Attest:

_____
Byron Pope,
Secretary to the Board of Directors

APPROVED AS TO FORM:

_____
Laurence S. Wiener,
Authority Counsel

"TENANT":

STROUK GROUP, INC.,
a California corporation

By: _____
STEPHANIE ~~Stephanie~~ Strouk,
Chief Executive Officer

"SUBTENANT":

SOUTHWEST WINE & SPIRITS, LLC,
a California limited liability company

By: _____
Print Name: CHRISTIAN NAVARRO
Title: PRESIDENT

EXHIBIT "A"

SUBLEASE

[See Following Page]

SUBLEASE

THIS SUBLEASE (this "**Sublease**") is made as of the 20th day of October, 2013, by and between **STROUK GROUP, INC.**, a California corporation doing business as Monsieur Marcel (hereinafter referred to as "**Sublandlord**") and **SOUTHWEST WINE & SPIRITS, LLC**, a California limited liability company doing business as Wally's Wine & Spirits (hereinafter referred to as "**Subtenant**") with regard to the following facts.

RECITALS:

A. Sublandlord is the tenant under that certain Lease (the "**Master Lease**"), dated as of September 27, 2011, with the City of Beverly Hills, a municipal corporation (the "**Landlord**") (a copy of which Master Lease is attached hereto as **Exhibit A** and by this reference made a part hereof), concerning approximately 6,280 rentable square feet of ground floor space of the building (the "**Building**") located at 447 N. Canon Drive, Beverly Hills, California. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Master Lease.

B. Subtenant desires to sublease from Sublandlord a portion of the Premises consisting of approximately 1,500 rentable square feet of space (which portion shall be hereafter referred to as the "**Subleased Premises**") more particularly set forth on **Exhibit B**, attached hereto, and Sublandlord has agreed to sublease the Subleased Premises to Subtenant upon the terms, covenants and conditions herein set forth.

AGREEMENT:

In consideration of the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. **Sublease**. Sublandlord hereby subleases and demises to Subtenant and Subtenant hereby hires and takes from Sublandlord the Subleased Premises.

2. **Term**.

2.1. The term of this Sublease shall commence on February 1, 2014 and shall end, unless sooner terminated as provided in this Sublease or the Master Lease, on December 31, 2018 (as it may be extended pursuant to Section 2.2, the "**Sublease Term**").

2.2. Provided Subtenant is not in default under this Sublease beyond any applicable notice and cure period, by giving Sublandlord written notice of its intent to extend no earlier than twelve (12) months and no later than seven (7) months prior to the expiration of the then current Sublease Term, Subtenant shall have the following options (each, an "**Sublease Option Term**") to extend this Sublease: (i) an option to extend for the period commencing on January 1, 2019 and continuing through termination of Tenant's initial term under the Master Lease; (ii) an option to extend for five (5) years if Sublandlord exercises its first five (5) year

Option Term under the Master Lease; and (iii) an option to extend for an additional five (5) years if Sublandlord exercises its second five (5) year Option Term under the Master Lease. Time is of the essence with respect to Subtenant's exercise of each Sublease Option Term of this Sublease.

2.3 In the event Sublandlord exercises an Option Term under the Master Lease and the Sublease Term is extended beyond December 31, 2022, Subtenant's Monthly Rent for such period shall be increased to an amount equal to 1,500 square feet multiplied by the sum of (i) twenty-five cents ($0.25), plus (ii) the Monthly Rent per square foot due from Sublandlord to Landlord, as determined pursuant to Section 5(c) of the Master Lease.

3. **Rent**.

3.1. Subtenant shall pay base rent during the initial Sublease Term as follows:

Month	Monthly Rent
February 1, 2014 to December 31, 2014	$5,073.06
January 1, 2015 to December 31, 2015	$5,272.13

Commencing on January 1, 2016 and occurring annually on each January 1 thereafter until December 31, 2022, Subtenant's Monthly Rent shall increase by the percentage increase in the CPI over the previous year, as determined by Landlord pursuant to the terms of Section 1(e) of the Master Lease. Furthermore, in the event that the Sublease Term shall begin or end on a date which is not the first day of a month, Monthly Rent payable by Subtenant hereunder shall be prorated as of the date this Sublease commences. Concurrent with Subtenant's execution of this Sublease, Subtenant shall deliver to Sublandlord the first month's Monthly Rent in the amount of $4,875.58 plus the amount of $10,544.26 as a Security Deposit to be held by Sublandlord pursuant to the terms of Section 5(f) of the Master Lease.

3.2. During the Sublease Term, on or before the last day of the calendar month immediately following the close of each quarterly Percentage Rent Period, Subtenant shall pay Sublandlord an amount equal to Subtenant's Percentage Share of total Gross Sales multiplied by the Percentage Rent due from Sublandlord to Landlord pursuant to Section 5(d) of the Master Lease. For purposes of this section, Subtenant's Percentage Share shall be equal to 1,500 square feet divided by 6,280 square feet, or 23.885%.

(a) Subtenant shall furnish to Landlord and Sublandlord a statement of Subtenant's Gross Sales on or before the last day of the calendar month immediately following the close of each Percentage Rent Period, and an annual statement of Subtenant's Gross Sales within sixty (60) days after the end of each Lease Year. Each statement shall be signed and certified to be correct by Subtenant or its authorized representative, and if Subtenant is a corporation the statement shall be signed and certified to be correct by an officer of Subtenant.

(b) Subtenant shall keep, at the Subleased Premises, full and accurate books of account, records, cash receipts, and other pertinent data showing Subtenant's Gross Sales. If Subtenant does not install and use receipt-printing cash registers,

Lease insofar as they relate to the Subleased Premises and insofar as they are not inconsistent with the terms of this Sublease are made a part of and incorporated into this Sublease as if recited herein in full, and the rights and obligations of the Landlord and the Tenant under the Master Lease shall be deemed the rights and obligations of Sublandlord and Subtenant respectively hereunder and shall be binding upon and inure to the benefit of Sublandlord and Subtenant respectively. As between the parties hereto only, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease shall control.

6. **Landlord's Performance Under Master Lease**.

6.1. Subtenant recognizes that Sublandlord is not in a position to render any of the services or to perform any of the obligations required of Landlord by the terms of the Master Lease. Therefore, notwithstanding anything to the contrary contained in this Sublease, Subtenant agrees that performance by Sublandlord of its obligations hereunder are conditional upon due performance by the Landlord of its corresponding obligations under the Master Lease and Sublandlord shall not be liable to Subtenant for any default of the Landlord under the Master Lease. Subtenant shall not have any claim against Sublandlord by reason of the Landlord's failure or refusal to comply with any of the provisions of the Master Lease unless such failure or refusal is a result of Sublandlord's act or failure to act. This Sublease shall remain in full force and effect notwithstanding the Landlord's failure or refusal to comply with any such provisions of the Master Lease and Subtenant shall pay the base rent and additional rent and all other charges provided for herein without any abatement, deduction or setoff whatsoever. Subtenant covenants and warrants that it fully understands and agrees to be subject to and bound by all of the covenants, agreements, terms, provisions and conditions of the Master Lease, except as modified herein. Furthermore, Subtenant and Sublandlord further covenant not to take any action or do or perform any act or fail to perform any act which would result in the failure or breach of any of the covenants, agreements, terms, provisions or conditions of the Master Lease on the part of the Tenant thereunder.

6.2. Whenever the consent of Landlord shall be required by, or Landlord shall fail to perform its obligations under, the Master Lease, Sublandlord agrees to use commercially reasonable efforts to obtain, at Subtenant's sole cost and expense, such consent and/or performance on behalf of Subtenant.

6.3. Sublandlord represents and warrants to Subtenant that to its knowledge the Master Lease is in full force and effect, all obligations of both Landlord and Sublandlord thereunder have been satisfied and Sublandlord has neither given nor received a notice of default pursuant to the Master Lease.

6.4. Sublandlord covenants as follows: (i) not to voluntarily terminate the Master Lease, (ii) not to modify the Master Lease so as to materially and adversely affect Subtenant's rights hereunder, and (iii) to take all actions reasonably necessary to preserve the Master Lease.

7. **Variations from Master Lease**. The following covenants, agreements, terms, provisions and conditions of the Master Lease are hereby modified or not incorporated herein:

7.1. Notwithstanding anything to the contrary set forth in the Master Lease, the term of this Sublease and base rent payable under this Sublease shall be as set forth in Section 2 above.

7.2. The parties hereto represent and warrant to each other that neither party dealt with any broker or finder in connection with the consummation of this Sublease and each party agrees to indemnify, hold and save the other party harmless from and against any and all claims for brokerage commissions or finder's fees arising out of either of their acts in connection with this Sublease. The provisions of this Section 7.2 shall survive the expiration or earlier termination of this Sublease.

7.3. Notwithstanding anything contained in the Master Lease to the contrary, as between Sublandlord and Subtenant only, all insurance proceeds or condemnation awards received by Sublandlord under the Master Lease shall be deemed to be the property of Sublandlord.

7.4. Any notice which may or shall be given by either party hereunder shall be either delivered personally or sent by certified mail, return receipt requested, addressed to the party for whom it is intended at the Subleased Premises (if to the Subtenant), or to 6333 West 3rd Street, Los Angeles, California 90036 (if to the Sublandlord), or to such other address as may have been designated in a notice given in accordance with the provisions of this Section 7.4.

7.5. All amounts payable hereunder by Subtenant shall be payable directly to Sublandlord.

7.6. Sublandlord shall deliver the Subleased Premises to Subtenant in its current "as is" condition.

7.7. Subtenant shall not be required to remove any improvements located in the Subleased Premises upon the expiration of the term hereof.

8. **Indemnity**. Subtenant hereby agrees to indemnify and hold Sublandlord harmless from and against any and all claims, losses and damages, including, without limitation, reasonable attorneys' fees and disbursements, which may at any time be asserted against Sublandlord by (a) the Landlord for failure of Subtenant to perform any of the covenants, agreements, terms, provisions or conditions contained in the Master Lease which by reason of the provisions of this Sublease Subtenant is obligated to perform, or (b) any person by reason of Subtenant's use and/or occupancy of the Subleased Premises. The provisions of this Section 8 shall survive the expiration or earlier termination of the Master Lease and/or this Sublease, except to the extent any of the foregoing is caused or by the negligence of Sublandlord.

9. **Cancellation of Master Lease**. In the event of the cancellation or termination of the Master Lease for any reason whatsoever or of the involuntary surrender of the Master Lease by operation of law prior to the expiration date of this Sublease, Subtenant agrees to make full and complete attornment to the Landlord under the Master Lease for the balance of the term of this Sublease and upon the then executory terms hereof at the option of the Landlord at any time during Subtenant's occupancy of the Premises, which attornment shall be evidenced by an agreement in form and substance reasonably satisfactory to the Landlord. Subtenant agrees to

execute and deliver such an agreement at any time within ten (10) business days after request of the Landlord, and Subtenant waives the provisions of any law now or hereafter in effect which may give Subtenant any right of election to terminate this Sublease or to surrender possession of the Subleased Premises in the event any proceeding is brought by the Landlord under the Master Lease to terminate the Master Lease.

10. **Certificates**. Each party hereto shall at any time and from time to time as requested by the other party upon not less than ten (10) days prior written notice, execute, acknowledge and deliver to the other party, a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications, if any) certifying the dates to which rent and any other charges have been paid and stating whether or not, to the knowledge of the person signing the certificate, the other party is in default beyond any applicable grace period provided herein in performance of any of its obligations under this Sublease, and if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom the party requesting such certificate may be dealing.

11. **Assignment or Subletting**. Subject further to all of the rights of the Landlord under the Master Lease and the restrictions contained in the Master Lease, Subtenant shall not be entitled to assign this Sublease or to sublet all or any portion of the Subleased Premises without the prior written consent of Sublandlord, which consent may be withheld by Sublandlord in its sole discretion.

12. **Severability**. If any term or provision of this Sublease or the application thereof to any person or circumstances shall, to any extent, be invalid and unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term or provision of this Sublease shall be valid and be enforced to the fullest extent permitted by law.

13. **Entire Agreement; Waiver**. This Sublease contains the entire agreement between the parties hereto and shall be binding upon and inure to the benefit of their respective heirs, representatives, successors and permitted assigns. Any agreement hereinafter made shall be ineffective to change, modify, waive, release, discharge, terminate or effect an abandonment hereof, in whole or in part, unless such agreement is in writing and signed by the parties hereto.

14. **Captions and Definitions**. Captions to the Sections in this Sublease are included for convenience only and are not intended and shall not be deemed to modify or explain any of the terms of this Sublease.

15. **Further Assurances**. The parties hereto agree that each of them, upon the request of the other party, shall execute and deliver, in recordable form if necessary, such further documents, instruments or agreements and shall take such further action that may be necessary or appropriate to effectuate the purposes of this Sublease.

16. **Governing Law**. This Sublease shall be governed by and in all respects construed in accordance with the internal laws of the State of California.

17. **Consent of Landlord**. The validity of this Sublease shall be subject to the Landlord's prior written consent hereto pursuant to the terms of the Master Lease, and if Landlord's consent shall not be obtained and a copy thereof delivered to Subtenant within sixty (60) days of the date hereof, either party shall have the option to cancel this Sublease by written notice to the other party.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Sublease to be executed as of the day and year first above written.

"SUBLANDLORD"

STROUK GROUP, INC.,
a California corporation

By: STEPHANE STROUK
Its: CEO

"SUBTENANT"

SOUTHWEST WINE & SPIRITS, LLC,
a California limited liability company

By:
Its: PRESIDENT

AGREEMENT NO.
387-11

LEASE

by and between

CITY OF BEVERLY HILLS,
a municipal corporation,

Landlord

and

STROUK GROUP, INC.,
a California corporation
(dba "Monsieur Marcel")

Tenant

447 N. Canon Drive
Beverly Hills, California

DATE: September 27, 2011

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LEASE

THIS LEASE (this "Lease") is dated as of the 27th day of September, 2011 (the "Commencement Date"), and is entered into by and between CITY OF BEVERLY HILLS, a municipal corporation ("Landlord"), and STROUK GROUP, INC., a California corporation (dba "Monsieur Marcel") ("Tenant").

1. **TERMS AND DEFINITIONS**. For the purposes of this Lease, the following terms shall have the following definitions and meanings:

(a) Address of Tenant:

Strouk Group, Inc.
6333 West 3rd Street
Los Angeles, CA 90036
Attn: Stephane Strouk

(b) Address of Landlord:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Real Estate Property Manager

With a copy to:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Attorney

(c) Premises: Those certain premises described on Exhibit "A", which constitute a portion of the ground floor of the building located at 447 N. Canon Drive, Beverly Hills, California (the "Building").

(d) Term: Ten (10) years, commencing upon the date that is one hundred and twenty (120) days after the execution of this Lease and Landlord's delivery of keys to the Premises to Stephane Strouk of Tenant at 6333 West 3rd Street, Los Angeles, CA 90036 (the "Commencement Date").

(e) Monthly Rent; Abatement: During the first twelve (12) calendar months of the Term, Monthly Rent shall be abated (the "Abated Rent"). Monthly Rent shall be as follows:

	Monthly Rent
Months 13-24	$18,833.33
Months 25-36	$19,666.66
Months 37-48	$20,500.00

At the end of month 48 and annually thereafter, Monthly Rent shall increase by the percentage increase in the CPI over the previous year (as determined by Landlord), but no annual increase shall be more than three percent (3%) nor less than one and one half percent (1.5%). As used herein, the term "CPI" shall have the meaning set forth in Section 6(b) below.

(f) CAM Charges: $2,198.00 per month, increased on every two year anniversary of the Commencement Date by the percentage increase in the CPI over such period, but no increase may exceed one and one-half percent (1.5%) year of the Term by the percentage increase in the CPI during the immediately preceding year, as described in Section 6(b) below.

(g) Security Deposit: $20,500.00.

(h) Permitted Use: Restaurant operating under the name "Monsieur Marcel", cooking demonstrations, cooking classes, a gourmet market, and sales of Home Accessories. As used herein, the term "Home Accessories" shall mean only home accessories specifically relating to dining, excluding furniture, but including tablecloths, wine serving accessories, cookbooks, cutlery, cheese serving accessories and substantially similar items.

(i) Parking: Five (5) parking spaces for owners and employees of Tenant on a non-exclusive basis, in the parking structure at 439 N. Canon Drive (i.e., the parking structure beneath the Premises) at the prevailing market rate charged by Landlord and fifteen (15) additional spaces in the parking structure at 333 N. Crescent on the same terms (collectively, the "Parking Structures"); in no event shall any contractor of Tenant use the Parking Structures.

This Section 1 represents a summary of the basic terms of this Lease. In the event of any inconsistency between the terms contained in this Section 1 and any specific provision of this Lease, the terms of the more specific provision shall prevail.

2. PREMISES LEASED; COMMON AREAS.

(a) Landlord hereby leases the Premises to Tenant and Tenant hereby hires the Premises from Landlord. The Premises are to be improved by Tenant with the "Tenant Improvements" described in Exhibit "B" attached hereto and incorporated herein by this reference, in accordance with the terms set forth in Exhibit B.

(b) The term "Project, as used in this Lease, shall mean the mixed-use building (and related Parking Structure) commonly referred to as the "Beverly Canon" project.

(c) Tenant shall have the nonexclusive right, subject to the Rules and Regulations described in Section 32(a), to use and enjoy the following areas to the extent included in the Project (collectively, "Common Areas"): (i) common lobbies, restrooms, elevators, stairways, access ways, loading docks, ramps, drives and platforms and any

passageways and service ways thereto, and the common pipes, conduits, wires and appurtenant equipment serving the Project; and (ii) loading and unloading areas, trash areas, parking areas, including, without limitation, the Parking Structure, roadways, sidewalks, walkways, driveways and landscaped areas and similar areas and facilities within the Project made available by Landlord for the common use and enjoyment of the occupants of the Project; provided, however, that notwithstanding the designation of the Parking Structure as a part of the Common Areas pursuant hereto, Tenant understands and acknowledges that the Parking Structure may, at Landlord's sole and absolute option and in accordance with applicable laws and governmental requirements, be closed at any time or from time to time.

(d) Landlord reserves the right from time to time: (i) to designate other land outside the current boundaries of the Project to be a part of the Project, in which event the Site shall be deemed to include such additional land, and the Common Areas shall be deemed to include Common Areas upon such additional land; (ii) to add additional buildings and/or other improvements (including, without limitation, additional parking structures and/or expansion of the Parking Structure) to the Project, which (by way of example only and without limitation) may be located on land added to the Site pursuant to clause (i) above, and/or to remove existing and/or future buildings and/or improvements; (iii) to make changes to the Common Areas, including, without limitation, addition of additional improvements, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscape areas and walkways, provided Tenant's use and enjoyment of and access to the Premises are not materially and adversely affected; (iv) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available; (v) to use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building or the Project, or any portion thereof or otherwise complying with its obligations under this Lease provided Landlord uses good faith efforts to minimize adverse effects on Tenant's access to the Premises; and (vi) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Project above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises or located elsewhere outside the Premises, provided any damage to the Premises is (subject to delays beyond Landlord's control) within a reasonable period of time restored by Landlord and provided Landlord uses commercially reasonable efforts to minimize adverse effects on Tenant's access to the Premises; and (vii) to do and perform such other acts and make such other changes in, to or with respect to the Common Areas, the Building or any other portion of the Project as Landlord deems to be appropriate provided Landlord uses good faith efforts to minimize adverse effects on Tenant's access to the Premises.

3. TERM; TENANT RIGHT TO TERMINATE; EXTENSION OPTIONS.

(a) The term of this Lease ("Term") shall be for the period referenced in Section 1(d) above, subject to earlier termination in accordance with the terms of this Lease.

(b) Tenant shall, at Tenant's sole cost and expense, diligently use its best efforts to obtain Type 21 and Type 47 liquor licenses for its business in the Premises (including, without limitation, promptly filing all forms and applications, providing all information, and

paying all charges and fees). If Tenant is nevertheless unable to obtain such licenses by the date that is one hundred and twenty (120) days after the date on which Landlord tenders the keys to the Premises (which is contemplated to occur shortly after the mutual execution of this Lease), and the inability to obtain such licenses is beyond the control of Tenant, then Tenant may terminate this Lease by written notice to Landlord given within five (5) business days after the end of such one hundred and twenty (120) day period. In the event that Tenant so terminates this Lease, then: (i) unless otherwise directed by Landlord in writing, Tenant shall at Tenant's sole cost and expense promptly and diligently remove any and all improvements and alterations made by Tenant to the Premises, repair all damage caused by such removal, and restore the Premises to their condition prior to the improvements and alterations; and (ii) in no event shall Landlord be obligated to reimburse Tenant for any costs incurred by Tenant in connection with this Lease (including, without limitation, costs of designing, installing or removing tenant improvements).

(c) Provided that Tenant is not in default under this Lease beyond any applicable cure period at the time of exercise of an option to extend provided herein or at any time thereafter prior to the commencement of the applicable Option Term (as hereinafter defined), Tenant shall have the option to extend the Initial Term of this Lease for two (2) additional periods of sixty (60) months (such period being referred to herein as an the "Option Term") by giving Landlord written notice no earlier than twelve (12) months and no later than six (6) months prior to the expiration of the then-applicable Term. All of the terms, covenants, conditions, provisions and agreements applicable to the initial Term shall be applicable to each Option Term, except that Tenant's rights to extend the term shall be limited to the two Option Terms described herein and except that the Monthly Rent payable during the Option Term shall be increased in accordance with Section 5(c) below. Time is of the essence with respect to Tenant's exercise of the option to extend the Term of this Lease provided herein. Tenant's failure to strictly comply with the time requirements set forth herein shall cause the options provided herein to automatically cease and terminate and, in such event, this Lease shall terminate upon the expiration of the Term. If Tenant subleases any portion of the Premises or assigns or otherwise transfers any interest under this Lease, remaining option(s) shall terminate.

4. **"AS IS" CONDITION; TENANT IMPROVEMENTS**. Tenant hereby accepts the Premises in their current "AS IS" condition, without representation or warranty, express or implied. Tenant shall use diligent, commercially reasonable efforts to construct initial improvements in the Premises that are necessary to open Tenant's business. Such initial improvements shall be constructed at Tenant's cost, and shall be subject to the terms and requirements of Exhibit "B" attached hereto.

5. **RENT; EXTENSION TERM RENT; PERCENTAGE RENT; SECURITY DEPOSIT.**

(a) Commencing on the Commencement Date, Tenant agrees to pay Landlord the Monthly Rent designated in Section 1(e) in equal monthly installments in advance, on the first day of each and every calendar month during the Term. In the event the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the rent (as hereinafter defined) for such periods shall be prorated in the proportion that the number of days this Lease is in effect during such periods bears to the actual number of days in such month, and such rent shall be paid at the

commencement of such period. In addition to the Monthly Rent, commencing on the Commencement Date, Tenant agrees to pay all other amounts required to be paid hereunder as and when they are due as hereinafter provided in this Lease. All sums to be paid by Tenant under this Lease shall constitute rent and are collectively referred to herein as "Rent". Except as otherwise specifically provided in this Lease, Rent shall be paid to Landlord, without any prior notice or demand therefor, and without any abatement, deduction or offset whatsoever, in lawful money of the United States of America, which shall be legal tender at the time of payment, at the address of Landlord designated in Section 1(b) or to such other person or at such other place as Landlord may from time to time designate in writing.

(b) Tenant acknowledges that the Abated Rent is granted solely based upon the Tenant's payment of rent over the Term in accordance with the terms of this Lease; consequently, upon the occurrence of an Event of Default by Tenant, the Abated Rent described in Section 1(e) shall become due and payable together with interest at the lesser of six percent (6%) per annum or the highest rate permitted by law from the date such Abated Rent would have been paid but for the rent abatement.

(c) In the event Tenant exercises a right to extend the Term of this Lease, then effective on the first day of the applicable Option Term, Monthly Rent shall be increased to the amount equal to ninety percent (90%) of the fair market rental value of the Premises as of the commencement of the applicable Option Term, as determined by Landlord, and Landlord shall notify Tenant of Landlord's determination prior to the commencement of the Option Term; provided, however, in no event shall the Base Rent at the commencement of the applicable Option Term be less than the Monthly Rent in effect immediately prior to such Option Term, and provided, further, that if Tenant objects to Landlord's determination of Monthly Rent for the Option Term, Tenant shall, within fifteen (15) days after Landlord notifies Tenant of Landlord's determination of Monthly Rent for the Option Term, notify Landlord in writing of the reasons for Tenant's disagreement with Landlord's determination, whereupon Landlord and Tenant shall meet and attempt to resolve such disagreement. In the event that Landlord and Tenant are unable to agree within twenty (20) days following Tenant's notice, then the fair market Monthly Rent, shall be determined by an independent realtor in the manner provided below (but in no event shall the Monthly Rent decrease). Until the fair market determination is completed, Tenant shall continue to pay Monthly Rent and at the same rental rate as immediately preceding the commencement of the applicable Option Term. After such fair market determination is completed, Tenant shall promptly make payment to Landlord for any underpayments owing for prior months. The process for determining the fair market Monthly Rent, shall be as follows: An independent realtor with no less than ten (10) years of significant experience representing landlords and tenants in restaurant leasing transactions in the City of Beverly Hills, California chosen by Landlord shall, in good faith, determine the fair market Monthly Rent, for the Premises based on comparable premises in the City of Beverly Hills ("First FMV Determination"), and shall forward the resulting fair market determination to Tenant. If the First FMV Determination is deemed unacceptable by Tenant, then Tenant shall so advise Landlord in writing within ten (10) business days after receipt of the First FMV Determination and Tenant shall have the right to engage an independent realtor with no less than ten (10) years of significant experience representing landlords and tenants in restaurant leasing transactions in Los Angeles County, California to determine, in good faith, the fair market Monthly Rent for the Premises based on comparable premises in the City of Beverly Hills ("Second FMV

Determination"), and the resulting fair market determinations shall be forwarded to Landlord. In the event Landlord shall deem the Second FMV Determination to be unacceptable, then Landlord shall advise Tenant within ten (10) business days after receipt of the Second FMV Determination, and the first independent realtor and second independent realtor shall together choose a third independent realtor with no less than ten (10) years of significant experience representing landlords and tenants in the City of Beverly Hills, California who shall similarly determine the fair market Monthly Rent for the Premises ("Third FMV Determination") and forward the resulting fair market determination to Landlord and Tenant. The cost of the First FMV Determination shall be borne by Landlord. The cost of the Second FMV Determination shall be borne by Tenant. The cost of the Third FMV Determination shall be shared equally between Landlord and Tenant. If the Third FMV Determination is greater than the highest fair market determination or lower than the lowest determination given by the first independent realtor and second independent realtor, then the Monthly Rent shall be the average of the First FMV Determination and the Second FMV Determination. If any such economic term in the Third FMV Determination is not greater than the highest fair market determination nor lower than the lowest fair market determination by the first independent realtor and second independent realtor, then the fair market value shall be the average of all three determinations.

As used herein, the term "fair market rent" shall not be based on any sublease rental rates and shall not include any reduction based on the absence of free rent periods, improvement allowances or other allowances or other so-called "landlord concessions" for new tenant, but may include annual increases in Monthly Rent if determined to be part of "fair market rent."

(d) In addition to Monthly Rent, commencing as of the beginning of the second year of the Term, Tenant shall pay to Landlord as percentage rent ("Percentage Rent") a sum equal to the following less Monthly Rent and CAM Charges for the applicable Lease Year (a) the amount by which four and one half percent (4.5%) of Tenant's Gross Sales (as defined below) made from or upon the Premises during each Lease Year (as defined below) exceeds $4,000,000 but not $4,500,000; plus (b) the amount by which two and one half percent (2.5%) of the amount by which Tenant's Gross Sales during each Lease Year excess $4,500,001 but not $5,000,000; plus (c) the amount by which two percent (2.0%) of Tenant's Gross Sales during each Lease year exceeds $5,000,000. Such payments shall be made on an quarterly basis, as hereinafter described, subject to annual reconciliation as hereinafter described. Percentage Rent shall be computed on an annualized basis for each quarter (the "Percentage Rent Period") of each Lease Year. On or before the last day of the calendar month immediately following the close of each quarterly Percentage Rent Period, Tenant shall make the applicable Percentage Rent payment.

Within sixty (60) days after the end of each Lease Year, Landlord shall determine the amount of Percentage Rent based on the Gross Sales of Tenant during the entire Lease Year compare it to the sums paid to Landlord as Percentage Rent. If Tenant has paid to Landlord an amount of Percentage Rent greater than the Percentage Rent it is in fact obligated to pay for the Lease Year as determined in this subsection, the excess so determined shall be applied against the next amounts due Landlord under this Lease, except that if any unused excess exists at the expiration of this Lease, the sum of the unused excess shall be promptly paid by Landlord to Tenant. If Tenant has paid to Landlord an amount of Percentage Rent less than

Tenant is required to pay, Tenant shall pay the difference to Landlord within five (5) business days after written demand by Landlord.

A "Lease Year" is a one-year period commencing on the Commencement Date or any anniversary thereof, or applicable portion thereof during the Term.

"Gross Sales" of Tenant means the gross selling price of all food, beverages, merchandise and services (including, without limitation, cooking demonstration fees and cooking instruction/class fees) sold, leased, licensed, or delivered in or from the Premises by Tenant, its permitted subtenants, licensees, or concessionaires, whether for cash or on credit (whether collected or not), including the gross amount received by reason of orders taken on the Premises although filled elsewhere, and whether made by store personnel or vending machines. Any transaction on an installment basis, including, without limitation, any "lay-away" sale or like transaction, or otherwise involving the extension of credit, shall be treated as a sale for the full price at the time of the transaction, irrespective of the time of payment or when title passes. Gross Sales also shall include any sums that Tenant receives from pay telephones, stamp machines, music machines, amusement machines, or public toilet locks.

Gross Sales shall not include the following:

(i) The selling price of all merchandise returned by customers and accepted for full credit, or the amount of discounts, refunds, and allowances made on such merchandise.

(ii) Merchandise returned to sources or transferred to another store or warehouse owned by or affiliated with Tenant.

(iii) Sums and credits received in the settlement of claims for loss of or damage to merchandise.

(iv) The price allowed on all merchandise traded in by customers for credit or the amount of credit for discounts and allowances made instead of acceptance of merchandise.

(v) Any sums paid to third parties for the use or rental of pay telephones, stamp machines, music machines, amusement machines, or public toilet locks.

(vi) Gift certificates, or similar vouchers, until such time as they shall have been converted into a sale by redemption.

(vii) Sales and use taxes, so-called luxury taxes, consumers' excise taxes, gross receipts taxes, and other similar taxes now or in the future imposed on the sale of merchandise or services, but only if such taxes are added to the selling price, separately stated, collected separately from the selling price of merchandise or services, and collected from customers.

(viii) Sales, as allowed in this Lease, of fixtures, trade fixtures, or personal property that are not merchandise.

Tenant shall furnish to Landlord a statement of Tenant's Gross Sales on or before the last day of the calendar month immediately following the close of each Percentage Rent Period, and an annual statement of Gross Sales within sixty (60) days after the end of each Lease Year. Each statement shall be signed and certified to be correct by Tenant or its authorized representative, and if Tenant is a corporation the statement shall be signed and certified to be correct by an officer of Tenant.

Tenant shall keep, at the Premises, full and accurate books of account, records, cash receipts, and other pertinent data showing Tenant's Gross Sales. If Tenant does not install and use receipt-printing cash registers, Tenant shall use serialized sales slips. Tenant shall record every sale and other transaction made from the Premises on such cash registers or sales slips. Tenant shall also furnish to Landlord copies of its quarterly California sales and use tax returns at the time each is filed with the State of California. Such books of account, records, cash receipts, sales slips and other pertinent data shall be kept for a period of three years after the end of each Lease Year. The receipt by Landlord of any statement, or any payment of percentage rent for any period, shall not bind Landlord as to the accuracy of the statement or the payment.

Upon reasonable notice to Tenant, Landlord shall be entitled during the Term and within three (3) years after the expiration or earlier termination of this Lease to inspect and examine all Tenant's books of account, records, cash receipts, and other pertinent data, so Landlord can ascertain Tenant's Gross Sales. Tenant shall cooperate fully with Landlord in making the inspection. Landlord shall also be entitled, once during each Lease Year and once after expiration or termination of this Lease, to an independent audit of Tenant's books of account, records, cash receipts, and other pertinent data to determine Tenant's Gross Sales, by a certified public accountant to be designated by Landlord. The audit shall be limited to the determination of Gross Sales and shall be conducted during usual business hours at the Premises, or at such other time and place as may be agreed upon by the parties.

If the audit shows that there is a deficiency in the payment of any Percentage Rent, the deficiency shall become immediately due and payable. The costs of the audit shall be paid by Landlord unless the audit shows that Tenant understated Gross Sales by more than three percent (3%), in which case Tenant shall pay all Landlord's costs of the audit.

Landlord shall keep any information gained from such statements, inspection, or audit confidential and shall not disclose it other than to carry out the purposes of this Lease, except that Landlord shall be permitted to divulge the contents of any statements in connection with any financing arrangements or sale of Landlord's interest in the Premises.

As used herein, the term "Rent" includes both Monthly Rent and Percentage Rent as well as any other sums payable by Tenant to Landlord under this Lease.

(e) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and budgeting and cash flow problems. Therefore, if Tenant fails to pay any Rent within five (5) business days after the due

date under this Lease for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of four percent (4%) of the overdue amount as a liquidated damages directly related to the late payment. All past-due installments of Rent shall also bear interest, the "Interest Rate" (as hereinafter defined), from the date due until paid. For purposes of this Lease, the "Interest Rate" shall mean the greater of (i) ten percent (10%) per annum, or (ii) two percent (2%) per annum plus the then prevailing per annum "prime rate" as most recently published in the Wall Street Journal (or the then "prime" rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing "prime" rate), provided that in no event shall the Interest Rate exceed the maximum rate permitted by applicable law. Landlord's acceptance of any late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease, at law or in equity.

(f) Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the Security Deposit described in Section 1(g), in cash, or Tenant shall deliver to Landlord a letter of credit in such amount, and otherwise in form and substance acceptable to Landlord from a financial institution acceptable to Landlord, but any letter of credit must permit drawing in full if a renewal thereof is not received by Landlord at least thirty (30) days prior to its expiry date (and if the letter of credit is not so drawn, the renewal letter of credit must be received prior to the expiry date of the preceding letter of credit), which shall be held by Landlord to provide security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the term hereof. If a letter of credit is delivered, then Tenant must maintain the letter of credit (or renewal thereof) in effect until the date that is sixty (60) days after the expiration of the Lease term. If Tenant defaults with respect to any provision of this Lease, including, but not limited to the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the security deposit (including sums drawn under the letter of credit) for the payment of any rent or any other sum in default, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of the security deposit or letter of credit proceeds is so used or applied Tenant shall, within five (5) business days after written demand therefor, deposit cash (or a letter of credit amendment, as applicable) with Landlord in an amount sufficient to restore the security deposit (or letter of credit) to its original amount and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required keep the security deposit (including such sums drawn under a letter of credit) separate from its general funds, and Tenant shall not be entitled to interest on the security deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the balance of the security deposit (including unapplied letter of credit proceed and or letter of credit) shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within sixty (60) days following expiration of the Lease term. If Landlord sells the Building, Tenant shall promptly replace any letter of credit with a letter of credit in favor of the buyer. Tenant waives any rights it may have under Section 1950.7 of the California Civil Code with respect to the Security Deposit (including any letter of credit and letter of credit proceeds). Within sixty (60) days following the expiration of the Term or earlier termination of this Lease and Tenant's

performance of all of its obligations under this Lease, the Security Deposit or any balance thereof shall be returned to Tenant.

6. **COMMON AREA EXPENSE AND MAINTENANCE CHARGES; POSSESSORY INTEREST TAXES.**

(a) Tenant shall pay to Landlord as additional rent, in equal monthly installments, in advance, on or before the first (1st) day of each month, without prior demand and without offset, abatement or deduction, the sum described in Section 1(f), provided that such sum shall be increased on each anniversary of the Commencement Date (including the first day of any Extension Term and each anniversary thereof) by the percentage increase in the CPI, calculated in the manner described in Section 6(b) below.

(b) Commencing on the second anniversary of the Commencement Date and on each subsequent anniversary of the Commencement Date (each such anniversary being hereinafter referred to as an "Adjustment Date"), the then-current CAM Charge shall be increased by a percentage equal to the percentage increase in the United States Department of Labor, Bureau of Labor Statistics' consumer Price Index for All Urban Consumers for the Los Angeles-Anaheim-Riverside statistical area (CPI-U) (1982-84=100) the ("CPI") for the immediately preceding year, which shall be calculated by multiplying the then-current CAM Charge amount by a fraction, the numerator of which shall be the CPI most recently published prior to the beginning of such immediately preceding year and the denominator of which shall be the CPI most recently published prior to the end of such immediately preceding year. Should the Bureau of Labor Statistics discontinue the publication of the Index, or publish the same less frequently or alter the same in some other manner, then the most nearly comparable index or procedure, as reasonably determined by Landlord, shall be substituted therefor.

(c) TENANT ACKNOWLEDGES AND AGREES THAT FOR SO LONG AS LANDLORD'S INTEREST IN THE PROJECT IS OWNED BY THE STATE OR ANY LOCAL PUBLIC ENTITY OR GOVERNMENT, INCLUDING WITHOUT LIMITATION A MUNICIPAL CORPORATION, THIS LEASE AND TENANT'S INTEREST HEREUNDER MAY CONSTITUTE A POSSESSORY INTEREST SUBJECT TO PROPERTY TAXATION AND AS A RESULT TENANT MAY HE SUBJECT TO THE PAYMENT OF POSSESSORY INTEREST TAXES LEVIED ON THAT INTEREST. TENANT SHALL PAY SUCH TAXES WHEN DUE.

7. **USE; CONTINUOUS OPERATION; HOLIDAY DECORATING.**

(a) Tenant shall use the Premises for the use or uses set forth in Section 1(h) above subject to any limitations therein and the limitations hereinafter set forth. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act, applicable fire-life safety codes of the City of Beverly Hills, and governmental requirements imposed in connection with the development or occupancy of the Building, including, without limitation, participation in any transportation management programs and compliance with any applicable air quality/trip reduction requirements), and shall, upon written notice from Landlord, discontinue any use of the

Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws. Tenant shall make any and all alterations or improvements to the Premises required to comply with applicable Laws, except that Tenant shall not be required to make structural alterations or improvements to the Premises required to comply with applicable Laws unless such compliance is necessitated by the Tenant Improvements or by Tenant's particular use of, or Alterations to, the Premises. Tenant shall comply with all rules, orders, regulations and requirements of any insurance authority having jurisdiction over the Project or any present or future insurer relating to the Premises or the Project. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any existing insurance policy or endorsement required by reason of Tenant's failure to comply with the provisions of this Section or by reason of Tenant's use or occupancy of the Premises in violation of this Lease. Tenant shall not do or permit anything to be done in or about the Premises which will in any manner interfere with the rights of other tenants or occupants of the Project, or injure then or their property, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

(b) Tenant shall continuously operate its business in the Premises from ____ a.m. through __ p.m. [?], Monday through [Saturday] except holidays (or during such greater hours and other days as Tenant may desire), and subject to interruptions by Landlord in connection with Landlord's exercise or performance of its obligations under this Lease, and other interruptions beyond the control of Tenant (excluding the financial condition of Tenant).

(c) Tenant acknowledges that the City of Beverly Hills ("City") has a significant interest in promoting retail sales in the City in order to maximize sales tax revenues and otherwise benefit both the City and the retail businesses in the City. During the winter shopping/holiday season ("Winter Shopping Season") established or identified by the Beverly Hills Chamber of Commerce (the "Chamber") which begins the Friday after Thanksgiving and continues through the end of the year, Tenant shall: (i) reasonably participate in the extended hours recommended, established or identified for the winter shopping season by the Chamber and (ii) reasonably decorate the Premises for the Winter Shopping Season at Tenant's cost.

(d) Except for supplies typically used in a restaurant/retail area in the ordinary course of business, for use in the manner for which they were designed and in accordance with applicable laws, in such amounts as may be normal for the business operations conducted by Tenant in the Premises, and that comply in all respects with applicable laws and the presence of which in the Premises does not violate applicable laws, neither Tenant nor any of its subtenants nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use, handle, store or dispose of any Hazardous Materials in, on, under or about the Premises, the Building or the Project. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are released or otherwise caused to be located in, on, under or about the Premises, Building or Project by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless' from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in valuation of the Premises, Building or Project, and sums paid in settlement of claims and for reasonable attorneys' fees,

consultant fees and expert fees) which arise during or after the Term as a result of any contamination directly or indirectly arising from the activities which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense as are necessary to return the Premises, Building and/or Project to the condition existing prior to the introduction of any such Hazardous Materials, provided Landlord's approval of such actions shall first he obtained, which approval shall not be unreasonably withheld, and Tenant shall fully cooperate in connection with any such clean-up, restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall immediately notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant or the Premises concerning the presence of any such Hazardous Materials. Tenant acknowledges that Landlord, at Landlord's election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate. The covenants of Tenant under this Section shall survive the expiration of the Term or earlier termination of this Lease.

As used in this Lease, "Hazardous Materials" shall mean asbestos, petroleum fuel, natural gas or any fraction thereof, and any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "hazardous material" or "toxic pollutant" under state or federal laws, statutes or regulations, including, without limitation, the California Health and Safety Code anti/or tinder the Comprehensive Environmental Response, Compensation and Liability Act, 42. U.S.C. §9601, et seq.

8. **TAXES ON TENANT'S PERSONAL PROPERTY**. Tenant shall be liable for and shall pay, before delinquency, all taxes levied against any personal property and/or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property, trade fixtures or Alterations are levied against Landlord or Landlord's property or if the assessed value of the Premises or the Project is increased by the inclusion therein of a value placed upon such personal property, trade fixtures or Alterations, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord within thirty (30) days following receipt of such invoice together with reasonable evidence of such allocation.

9. **CONDITION OF PREMISES**. Tenant acknowledges that except as set forth herein (i) the lease of the Premises by Tenant pursuant hereto shall be on an "as is" basis, (ii) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty (express or implied) with respect to the Premises or any other portion of the Project, and (iii) Landlord shall have no obligation to improve or alter the Premises, Building or Project for the benefit of Tenant.

10. **ALTERATIONS.**

(a) Tenant shall not make or allow to be made any alterations, additions or improvements (collectively, any "Alterations") in or to the Premises during the Term without obtaining Landlord's prior written consent (which consent shall not be unreasonably withheld or delayed); except, however, that Tenant may make interior, non-structural Alterations to the Premises costing less than Fifty Thousand Dollars ($50,000.00) per work of improvement and not (i) requiring the demolition of any existing improvements or (ii) affecting the roof, structure, mechanical or utility systems serving the Premises or the exterior appearance of the Building, without Landlord's prior consent but upon at least ten (10) business days' prior written notice to Landlord. Any request for consent to Alterations requiring consent shall be accompanied by two (2) complete sets of plans and specifications for the proposed Alterations suitable for submission to Landlord's architect for evaluation and a statement of the identity of the contractor who will perform such Alterations. If Landlord's consent is required for any Alterations, Tenant shall pay all reasonable out-of-pocket costs incurred by Landlord in the evaluation of the plans and specifications, including, but not limited to, Landlord's general contractor's, architects' and engineers' fees. In addition, as a condition to Landlord's granting of its consent to any Alterations, Landlord shall have the right to approve of Tenant's contractor(s) performing such Alterations, such approval not to be unreasonably withheld (provided that, in any event, Building standard subcontractors shall be used for work on Building roof, exterior, mechanical and utility systems, if required by Landlord), and Landlord shall have the right to require that Tenant furnish insurance certificates showing that all contractors and subcontractors who will perform such work have in force workers' compensation and such other employee and comprehensive general liability insurance in accordance with the standards set forth in Section 17(a) (but with a liability limit of not less than Two Million Dollars ($2,000,000.00)), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 17(a). All Alterations work to be performed by Tenant in the Premises requiring the consent of Landlord pursuant hereto shall be performed in accordance with any reasonable conditions or regulations imposed by Landlord. Whether or not the consent of Landlord to the applicable Alterations is required hereunder, Tenant shall comply with reasonable conditions imposed by Landlord upon the delivery, storage or removal of materials in connection with Alterations. All Alterations work (whether or not Landlord's consent is required therefor) shall be completed in a good and workmanlike manner and in accordance with all applicable Laws. All Alterations requiring Landlord's consent shall be completed in accordance with the approved plans and specifications therefor. Promptly following the completion of any Alterations where the preparation of "as-built" plans would he customary for the particular Alterations work performed, Tenant shall deliver to Landlord both a "hard" copy and a copy on CAD diskette of the "as built" plans and specifications (including all working drawings) for such Alterations promptly following the completion of any Alterations for which any governmental permit, approval or sign-off is required under applicable Laws, Tenant shall deliver to Landlord a copy of signed-off permits, inspection cards or other documentation, if any is available given the nature of the Alterations work performed, evidencing governmental approval of completion of the work. Any supervision by Landlord of such Alterations shall in no event constitute Landlord's approval of the work so performed, nor shall Landlord be responsible for or have any liability with respect to such supervision or work. The construction of the initial Tenant Improvements shall be governed by Exhibit "B" to this Lease.

(b) The initial Tenant Improvements made pursuant to this Lease shall be the sole property of Tenant until the expiration of the Term. All other Alterations upon the Premises

shall become the property of Landlord upon the expiration of the Term or earlier termination of this Lease, and shall remain upon and be surrendered with the Premises, as part thereof, at the expiration of the Term or earlier termination of this Lease (but exclusive of Tenant's trade fixtures and personal property as further provided in Section 10(c) below). If Landlord requires Tenant to remove any Alterations, Landlord shall notify Tenant in writing at the time of Landlord's consent to such Alterations, and Tenant, at its sole cost and expense, agrees to remove the identified Alterations on or before the expiration of the Term or earlier termination of this Lease and repair any damage to the Premises caused by such removal (or, at Landlord's option, Tenant agrees to pay to Landlord Landlord's reasonable estimate of the costs of such removal and repair prior to such expiration or termination).

(c) Notwithstanding the foregoing or any other provision of this Lease, all articles of personal property and all business and trade fixtures (which are susceptible of removal without material damage to the Premises and which are not permanently affixed to the Premises), machinery, equipment, furniture and removable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. If Tenant shall fail to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, either treat such property as being conveyed to Landlord in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or remove the same in any manner that Landlord shall choose, and store or dispose of said property without liability to Tenant for loss thereof, and Tenant agrees to pay to Landlord upon demand any and all expenses incurred in such removal, including court costs, reasonable attorneys' fees and storage charges on such property for any length of time that the same shall be in Landlord's possession. In the alternative, Landlord may, at its option, sell said property, or any of the same, in such manner as Landlord determines to be appropriate in Landlord's reasonable business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased premises following the expiration of the lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

11. MAINTENANCE AND REPAIRS.

(a) Tenant shall keep, maintain and preserve the Premises in a good condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the Premises and every part thereof and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 10(c) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as improved by the Tenant Improvements, except permitted Alterations which Tenant is not required to remove pursuant to Section 10(b) above, reasonable

wear and tear, and damage caused by Landlord. Subject to the provisions of Sections 18 and 19 below, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project or in or to fixtures, appurtenances and equipment therein.

(b) Landlord shall maintain in good condition and repair the roof, exterior walls, and foundation of the Building. Landlord shall also maintain and repair automatic and manual fire extinguisher equipment, such as sprinkler systems and alarms, electrical, plumbing, manual fire extinguishers and mechanical systems in the Building and Common Areas to the extent they serve the Premises, except to the extent they are located within the Premises or are installed as part of the Tenant Improvements or any Alterations.

12. **LIENS**. Tenant shall not permit any mechanics', materialmen's or other liens to he filed against the Project nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or contractors. Landlord shall have the right at all reasonable times to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding or otherwise) within thirty (30) days following receipt of notice thereof from Landlord), Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord, as additional Rent, within three (3) days after written notice by Landlord, any sums paid by Landlord to remove such liens.

13. **ENTRY BY LANDLORD**. Landlord and its employees, agents, representatives, consultants and/or contractors shall have the right from time to time upon 24 hours prior written or oral notice to Tenant (but without the requirement of such notice to Tenant in the event access is necessary to deal with an emergency situation) to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to comply with Landlord's obligations and exercise Landlord's rights under this Lease, and to show the Premises to prospective purchasers, encumbrancers or tenants, to post "for lease" or other similar signs during any event of default of Tenant and/or during the last six (6) months of the Term, or to post notices of non-responsibility. Landlord shall use commercially reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry. Landlord shall at all times have and retain a key with which to unlock all doors to and in the Premises. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any alterations, improvements or decorations, except as otherwise expressly agreed in writing by Landlord.

14. **UTILITIES AND SERVICES**. Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises without

the written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Tenant agrees to pay directly to the appropriate utility company all charges for utility services supplied to Tenant for which there is a separate meter and/or submeter to the Premises. Tenant agrees to pay to Landlord its share of all charges for utility services supplied to the Premises for which there is no separate meter or submeter upon billing by Landlord of Tenant's share, as reasonably determined by Landlord based upon estimated actual usage. Regardless of the entity which supplies any of the utility services, Landlord shall not be liable in damages for any failure or interruption of any utility or service it being understood that Tenant will maintain business interruption insurance. Subject to Section 18 below, no failure or interruption of any utility or service shall entitle Tenant to terminate this Lease or discontinue making payments of Rent payable by Tenant under this Lease.

15. **INDEMNIFICATION**. Tenant shall indemnify, defend and hold Landlord harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expenses (collectively, "Indemnified Claims"), arising or resulting from (i) any act or omission of Tenant, its subtenants and/or assignees and their respective agents, employees, representatives, licensees, contractors and/or invitees (collectively, the "Tenant Parties"); (ii) Tenant's use of the Premises and Common Areas, conduct of Tenant's business by Tenant or any Tenant Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Premises, or done or permitted by Tenant or any Tenant Parties in or about the Building or elsewhere within the Project; and (iii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease. In case any action or proceeding is brought against Landlord by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, agrees to promptly defend the same at Tenant's sole cost and expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld. The provisions of this Section shall survive the expiration of the Term or earlier termination of this Lease.

16. **DAMAGE TO TENANT'S PROPERTY; WAIVER**. Notwithstanding anything contained in this Lease to the contrary, Landlord and its agents and employees shall not be liable for (a) loss or damage to any property by theft or otherwise, or (b) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from pipes, appliances or plumbing work therein or from the roof, street, sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except to the extent (i) resulting from the gross negligence, or willful misconduct of Landlord or its contractors, agents, servants or employees or breach of this Lease by Landlord and (ii) not covered by the insurance maintained by Tenant (and which would not have been so covered if Tenant had maintained the insurance required to be maintained by Tenant pursuant to this Lease). Landlord or its agents shall not be liable for interference with light or other similar intangible property interests. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or the Building. and of defects therein or in the fixtures or equipment located therein.

17. **INSURANCE.**

(a) Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(i) All Risk insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, automobile, Premises operations hazard, contractual liability (covering the indemnity contained in Section 15), products and completed operations liability, and liquor liability with a combined single limit of not less than Three Million Dollars ($3,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord as additional insured thereunder, shall contain a cross liability endorsement, and shall be primary and non-contributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, to require an increase in such liability insurance limit if consistent with then standard industry practices for prudent risk management by a tenant of comparably-sized premises within comparable buildings.

(iii) Workers' Compensation and Employer's Liability Insurance in form and amounts as required by applicable law.

(iv) Any other insurance as Landlord may require from time to time that is either reasonable or is commonly carried by restaurant tenants in the Golden Triangle Area.

The minimum limits of insurance set forth in this Section are not intended to limit the liability of Tenant under this Lease. All policies of insurance maintained by Tenant under this Section, shall he taken out with insurance companies holding a General Policyholders Rating of "A-" and a Financial Rating of "X" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or any part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. No such policy shall he cancelable or reducible in coverage except after at least thirty (30) days' prior written notice to Landlord. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, obtain such insurance and Tenant shall reimburse Landlord for the cost thereof within ten (10) days after written demand. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars ($1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) All policies of property damage insurance required hereunder shall include a clause or endorsement denying the insurer any rights of subrogation against the other party to

the extent rights have been waived by the insured before the occurrence of injury or loss, if same are obtainable without unreasonable cost. Tenant waives any rights of recovery against Landlord for injury or loss due to risks covered by policies of property damage insurance.

18. **DAMAGE OR DESTRUCTION.**

(a) If the Premises shall be damaged or destroyed by fire or other casualty so as to render all or a portion of the Premises untenantable (which shall expressly include a loss of basic utility services to the Premises), then, for so long as Tenant is actually not occupying all or a portion of the Premises as a result of such prevention from use, Tenant shall be entitled to an equitable abatement of Tenant's obligation for payment of Monthly Rent and CAM charges, on a proportionate basis to the extent that Tenant's use and enjoyment of the Premises is effectively prevented. The abatement shall commence as of the date of the casualty and continue during the period of such repair or reconstruction, until such time as Tenant is no longer so effectively prevented from using the Premises.

(b) In the event of the total destruction or material damage to the Premises (i.e., damage with an expected completion date of more than one (1) year from the date of material damage occurring) which is the result of an event not covered by insurance, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within sixty (60) days following the occurrence of the casualty. The proceeds from any insurance paid by reason of damage to or destruction of the Project or any part thereof insured by Landlord, shall belong to and be paid to Landlord. Tenant shall not be entitled to any compensation or damages from Landlord or Landlord's insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration. Unless Landlord or Tenant elects to terminate this Lease as hereinafter provided, Landlord shall use reasonable diligence to repair any casualty to the Premises, Building or Common Areas to the extent of available insurance proceeds (plus any funds delivered by Tenant to Landlord for purposes of performing such repairs), subject to delays and adjustment of insurance proceeds (provided that Tenant shall be responsible for the repair of the Tenant Improvements and Tenant's furniture, fixtures, equipment and personal property).

(c) In the event of material damage to the Project not caused by Tenant and not otherwise resulting in termination of this Lease, Landlord shall deliver written notice to Tenant within sixty (60) days following such casualty damage or occurrence setting forth Landlord's good faith estimate of the time required for completion of repair and/or restoration of the Project, and if such estimated time exceeds one (1) year from the occurrence of the casualty, Tenant may terminate this Lease by written notice to Landlord within twenty (20) days following Tenant's receipt of such notice. In the event the Lease is not so terminated, and Landlord fails to restore the Premises within such one (1) year period as extended by delays beyond the control of Landlord, then Tenant may terminate this Lease.

(d) In the event of any damage or destruction of all or any part of the Premises, Tenant agrees to immediately notify Landlord thereof.

(e) Notwithstanding anything to the contrary contained herein, if the Premises is wholly destroyed, or is partially damaged within the final six (6) months of the then-remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease), and if as a result of partial damage Tenant is, or reasonably will be, denied access or use of a material portion of the Premises for the conduct of its business operations for a period of ninety (90) consecutive days (or such shorter period as is then remaining in the Term), Landlord or (provided such casualty damage was not caused by Tenant or any of the Tenant Parties) Tenant, may by giving the other notice no later than sixty (60) days after the occurrence of such damage or destruction, elect to terminate the Lease.

(f) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

19. **EMINENT DOMAIN.**

(a) If (i) all, or (ii) more than twenty five percent (25%) of the floor area of the Premises and/or the Parking Area, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenantable the entirety of the Premises or such a material portion of the Premises that Tenant's operation from the remainder of the Premises is not reasonably practicable, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority by written notice to the other party by the effective date of such taking. Tenant may assert a claim for a separate award attributable to the value of any personal property or trade fixtures of Tenant which are taken, costs of Tenant's relocation. If neither Tenant nor Landlord so elects to terminate, Landlord shall to the extent of severance damages received, commence to restore the Premises to substantially their same condition prior to such partial taking, and a proportionate abatement of Monthly Rent and CAM charges shall be made for the time during which Tenant is deprived of use on account of such taking and restoration.

(b) In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 10(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations.

(c) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section 1265.130 of the California Code of Civil Procedure) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the lease when leased property is condemned or taken and agree that such event shall he exclusively governed by the terms of this Lease.

20. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not assign its interest in this Lease (an "assignment") or sublease or permit occupancy by third parties of all or any part of the Premises (a "sublease"), without first obtaining Landlord's prior written consent in its sole and absolute discretion. Any assignment, sublease or encumbrance without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute an Event of Default hereunder. Any transfer of fifty percent (50%) or more of Tenant's ownership interests in one or more transfers, or the transfer by the controlling member of so much of its stock or membership interest that it is no longer the controlling member, shall constitute a voluntary assignment and shall be subject to the provisions of this Section 20; provided, however, that the provisions of this sentence shall not apply if Tenant is a publicly held corporation, the shares of stock in which are traded on a public exchange.

(b) No consent to an assignment or sublease shall constitute a further waiver of the provisions of this Section 20. Tenant shall notify Landlord in writing of Tenant's intent to assign this Lease or sublease the Premises, the name of the proposed assignee or subtenant, information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed assignment or subletting, and Landlord shall, within thirty (30) days after receipt of such written notice, and the financial responsibility information and such other information as may he requested by Landlord concerning the proposed assignee or subtenant, elect one of the following: (i) consent to such proposed assignment or sublease; or (ii) refuse such consent.

(c) In connection with any request for Landlord's consent to an assignment or sublease as required under the provisions of this Section 20, Tenant shall pay a $1,500 processing fee to Landlord. Additionally, in the event any assignment or sublease is approved, Landlord shall receive as additional rent hereunder fifty percent (50%) of Tenant's "Excess Consideration" derived from such assignment or sublease. In the event of a sublease, "Excess Consideration" shall mean all rent, additional rent, or other consideration actually received by Tenant from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, additional remit and other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such sublease for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such subtenant, or previously made to the Premises, and/or any free rent period granted to such subtenant. In the event of an assignment, "Excess Consideration" shall mean key money, bonus money or other consideration paid by the assignee to Tenant in connection with such assignment, less the sum of Tenant's reasonable out-of-pocket costs incurred in connection with such assignment for brokerage commissions, reasonable attorneys' fees, the cost of any alterations or improvements made for the benefit of such assignee and/or any free rent period granted to such assignee. If part of the Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord.

(d) Notwithstanding any permitted assignment or subletting (whether or not the same requires Landlord's consent pursuant to this Section), Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this Lease. Landlord's waiver or consent to any assignment or subletting shall not relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

21. **DEFAULT BY TENANT.**

(a) The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder by Tenant:

(i) The failure by Tenant to make any payment of Rent as and when due where such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute.

(ii) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Section 21(a)(i), where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute; provided, further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall promptly commence such cure within such thirty (30) day period and thereafter continuously and diligently prosecute such cure to completion.

(iii) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver by petition of third party creditor (i.e., not Landlord) to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days; or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant.

(iv) The abandonment of the Premises by Tenant, which for purposes of this Lease means any absence by Tenant from the Premises for seven (7) business days or longer while failing to perform any other obligations of Tenant under this Lease.

(v) Any violation of Section 20.

(b) In the event of any such Event of Default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent -for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by its failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

As used in Sections 21(b)(i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate. As used in Section 21(b)(iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(c) in the event of any such default by Tenant, Landlord may also elect the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment. and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations), in which case Landlord shall not unreasonably withhold its consent to assignment or subletting.

(d) In connection with the exercise of remedies, any property of Tenant may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, or disposed of in accordance with the California Commercial Code, and Tenant hereby grants to Landlord a security interest in all property of Tenant now or hereafter located in the Premises as additional security for the performance of Tenant's obligations under this Lease. No re-entry or taking possession of the Premises by Landlord pursuant to this Section shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

(e) TENANT HEREBY WAIVES, FOR ITSELF AND ALL PERSONS CLAIMING BY AND UNDER TENANT, ALL RIGHTS AND PRIVILEGES WHICH IT MIGHT HAVE UNDER ANY PRESENT OR FUTURE LAW TO REDEEM THE PREMISES OR TO CONTINUE THIS LEASE AFTER BEING DISPOSSESSED OR EJECTED FROM THE PREMISES.

(f) If Tenant fails to perform any covenant or condition to be performed by Tenant, Landlord shall have the right (but not the obligation) to perform such covenant or condition (i) immediately, in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) following Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice from

Landlord. All reasonable costs incurred by Landlord in so performing shall immediately be reimbursed to Landlord by Tenant, together with interest at the Interest Rate computed from the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All costs and expenses incurred by Landlord, including reasonable attorneys' fees (whether or not legal proceedings are instituted), in collecting Rent or enforcing the obligations of Tenant under the Lease pursuant to this Section shall be paid by Tenant to Landlord upon demand.

(g) All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative to the extent permitted by law, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may he provided by law, whether or not stated in this Lease.

22. **DEFAULT BY LANDLORD**. Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

23. **SUBORDINATION**. This Lease shall be subject and subordinate at all times to all ground leases which may now exist or hereafter be executed affecting the Building, the Project, or the land upon which the Building and Project are situated, or both, and any and all amendments, renewals, modifications, supplements and extensions thereof; and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed, and any and all advances made thereunder, and interest thereon and all modifications, renewals, supplements, consolidations and replacements thereof. Notwithstanding the foregoing, Tenant acknowledges that Landlord shall have the right to subordinate or cause to be subordinated any such ground leases or any such liens to this Lease. In the event that any ground lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord, at the option of such successor in interest, Tenant shall execute and deliver, upon reasonable prior notice from Landlord, any additional documents in such form as is designated by Landlord evidencing the priority or subordination of this Lease with respect to any such ground leases or the lieu of any such mortgage or deed of trust provided that as a condition to any subordination by Tenant of any future ground lease, mortgage or deed of trust, Landlord shall obtain from any Lienholder to whose mortgage, deed of trust or ground lease this Lease is hereafter subordinated, an agreement of non-disturbance on such Lienholder's standard form for the benefit of Tenant. For purposes of this Lease, a "Lienholder" shall mean any mortgagee under a mortgage, beneficiary under a deed of trust, or lessor under a master lease or ground lease, encumbering all or a portion of the Project.

24. **ESTOPPEL CERTIFICATES**. Within ten (10) days following any written request by Landlord to Tenant, Tenant shall execute and deliver to Landlord a statement, in a form reasonably satisfactory to the parties, certifying: (i) the Commencement Date; (ii) that this

Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the sums payable tinder this Lease have been paid; (iv) that, to such party's knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as specified in such statement; and (v) such other matters reasonably requested by Landlord. Any statement delivered pursuant to Section may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrancer, transferee or purchaser of the interest of Landlord in the Project, Premises or this Lease.

25. **DEFINITION OF LANDLORD**. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to the Premises. In the event of any transfer or assignment of such title, Landlord herein named (and in case of any subsequent transfers or conveyances, the then-grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter arising under this Lease.

26. **PARKING.**

(a) Notwithstanding anything to the contrary contained herein, Tenant understands and acknowledges that the Parking Structures are currently intended to be utilized as a public parking facility, but Landlord is not required to continue to operate the Parking Structures as public parking facilities and may from time to time close all or a portion thereof. Tenant's visitors, invitees and customers (but not its owners or employees) shall have the right to park in the Parking Structures at the prevailing rates charged by Landlord for use of the Parking Structures from time to time (it being acknowledged that Landlord shall have the right, in Landlord's sole and absolute discretion, to modify or increase the charges for use of the Parking Structures from time to time).

(b) It is understood that rules and regulations with respect to parking may be established and amended by Landlord, in Landlord's reasonable discretion, from time to time. The use by Tenant and its employees, visitors and invitees of the Parking Structures shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of any of the established parking rules and regulations. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described herein and in the established parking rules and regulations, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be immediately payable upon demand by Landlord and/or to rescind the parking rights of the offender.

27. **SIGNAGE**. Subject in all events to applicable Laws and governmental approvals and requirements, Tenant may at Tenant's cost install signs on the front façade of the Building

on Canon Drive on the exterior of the Premises (only) and not above the ground floor level. The exact location, size, materials, coloring and lettering of all Tenant signage shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or delayed. Landlord may elect, at Landlord's sole option: (a) to maintain any or all of the Tenant's signage in good condition and repair (in which event Tenant shall be obligated to reimburse Landlord from time to time for all costs and expenses incurred by Landlord in connection with the same upon billing therefor), or (b) to require Tenant, at Tenant's sole cost and expense, to maintain any or all of Tenant's signage in first class condition and repair.

28. **NOTICES**. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be either served personally, or sent by overnight courier, or sent by registered or certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address(es) designated in Section 1(a), or if to Landlord, at the address(es) designated in Section 1(b) or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days' notice to the other party. Such notices, demands, consents mid approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, or (b) if sent by reputable overnight courier providing proof of delivery, the following business day, or (c) if sent by certified mail, on the date of delivery or refused delivery shown on the receipt.

29. **HOLDING OVER**. If Tenant holds over in the Premises after the expiration of the Term or earlier termination of this Lease, Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Rent during such holding over shall equal one hundred fifty percent (150%) of the Rent in effect immediately prior to such expiration or termination. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease. If Tenant fails to surrender the Premises upon the expiration of the Term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender.

30. **QUIET ENJOYMENT**. Landlord covenants and agrees with Tenant that upon Tenant paying the Rent required under this Lease and paying all other charges and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with and subject to the terms of this Lease and existing matters of record.

31. **BROKERS**. Landlord and Tenant each represent and warrant that it has had no dealings with any real estate broker, or agent in connection with the negotiation of this Lease, and that it knows of no real estate broker or agent who is or might be entitled to a commission or fee in connection with this Lease. In the event of any other claim for broker's or finder's fees or commissions in connection with this Lease, Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been

made by Landlord, and Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Tenant.

32. **MISCELLANEOUS.**

(a) Tenant shall faithfully observe and comply with the Rules and Regulations attached hereto as Exhibit "C", and all non-discriminatory modifications thereof and additions thereto from time to time delivered in writing to Tenant. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Project of their leases or of any of said Rules and Regulations.

(b) This Lease shall be governed by the laws of the State of California.

(c) Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(d) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the party not prevailing in such action or proceeding shall reimburse the prevailing party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs, in addition to the foregoing award of attorneys' fees and costs to the prevailing party, the prevailing party shall be entitled to its attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment.

(e) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(f) Submission of this document for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(g) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

(h) If any term or provision of this Lease, or the application thereof to any persons or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(i) Tenant and Landlord shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit "D". Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within five (5) business days following written request by Landlord, deliver to Landlord an executed, acknowledged and recordable quitclaim deed conveying to Landlord any and all interest Tenant may have under this Lease.

(j) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord or in the event of any other action against Landlord with respect to this Lease, their sole and exclusive remedy shall be against Landlord's interest in the Building. Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the councilmembers or officers of Landlord, and Tenant shall not seek recourse against them or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding any contrary provision contained in this Lease, Landlord shall not be liable under any circumstances for my indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use.

(k) If in connection with obtaining financing for the Project any lender shall request modifications of this Lease as a condition to Landlord obtaining such financing, Tenant will not unreasonably withhold or delay its consent thereto, provided that such modifications do not increase the financial obligations of Tenant or adversely affect Tenant's rights hereunder. Landlord shall reimburse Tenant for its reasonable attorneys' fees and costs associated with analyzing and negotiating any such modification.

(l) At any time during the Term, but not more than one time per calendar year (except in the event of a default by Tenant, in which case, any request for financial statements by Landlord shall be binding and shall not count toward the "one per year" limitation), Tenant shall upon twenty (20) days' prior written notice from Landlord, provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Notwithstanding anything to the contrary contained herein, if Tenant is a publicly traded corporation making annual 10-K filings with the Securities and Exchange Commission, Tenant may satisfy the requirements of this subsection with respect

to delivery of financial information by delivery of Tenant's most recent annual report filed with the Securities and Exchange Commission.

(m) This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

(n) This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

(o) Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City of Beverly Hills or its departments, commissions, agencies and boards and the officers thereof, including any general plan or any zoning ordinances, or any of the duties, obligations, rights or remedies of the City of Beverly Hills thereunder or pursuant thereto or the general police powers, rights, privileges and discretion of the City of Beverly Hills in the furtherance of the public health, welfare and safety of the inhabitants thereof. For purposes of this Lease, and notwithstanding anything in this Lease which may be construed to the contrary, Landlord is acting in its capacity as an owner of property and not as a governmental agency.

(p) The City Manager of Landlord shall have the authority to give, in writing, all consents and approvals on behalf of the Landlord under this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Barry Brucker,
Mayor

ATTEST:

_____ (SEAL)
Byron Pope,
City Clerk

APPROVED AS TO CONTENT:

_____
Jeffrey Kolin,
City Manager

_____
Scott Miller,
Chief Financial Officer

APPROVED AS TO FORM:

By: _____
Laurence S. Wiener
City Attorney

TENANT:

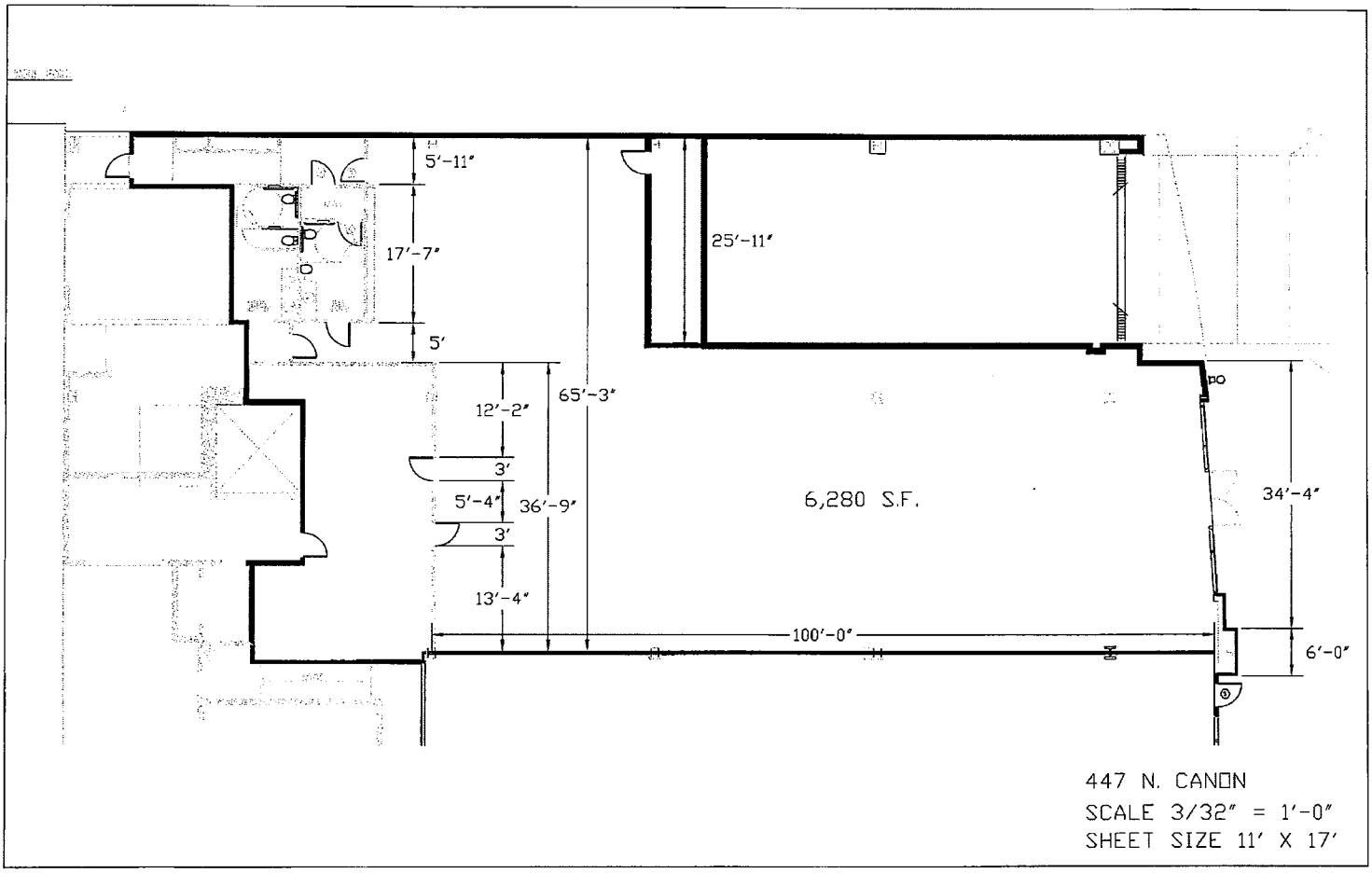
STROUK GROUP, INC.,
a California corporation

By: _____
Stephane Strouk,
Chief Executive Officer

EXHIBIT "A"

DIAGRAM OF PREMISES

(Attached.)



447 N. CANON
SCALE 3/32" = 1'-0"
SHEET SIZE 11' X 17'

EXHIBIT "B"

TENANT IMPROVEMENTS

A. GENERAL PROCEDURES

The preparation of all design and working drawings and specifications relating to completion of the Premises for occupancy by Tenant and the letting of contracts relating to the Tenant Improvements and the supervision and completion of the Tenant Improvements and payment therefor shall be the responsibility of Tenant.

Approvals must be obtained by Tenant for its work from the applicable building department and all other authorities having jurisdiction and Tenant must submit evidence of these approvals to Landlord before commencing work. Tenant shall be responsible for payment of all fees and charges incurred in obtaining said approvals and for obtaining a certificate of occupancy prior to opening.

Landlord shall be entitled to withhold approval of any plans or specifications or the authorization for work to proceed until it has been furnished with reasonable evidence that Tenant has made suitable provision to pay the full cost of the work and to discharge any liens that may arise therefrom, including payment and performance bonds if requested by Landlord.

The general contractor and architect used by Tenant for the Tenant Improvements shall be subject to the prior written consent of the Landlord.

Tenant shall ensure that all the provisions and conditions contained or imposed in this Exhibit B are observed and performed by all designers, contractors and trades engaged by Tenant.

B. PLANS AND SPECIFICATIONS FOR THE TENANT IMPROVEMENTS

So that the Tenant Improvements may proceed without delay and in an efficient manner, the following provisions shall apply:

1. Target Dates.

(a) Within a reasonable time following execution of this Lease, Tenant shall notify Landlord of target dates (and, thereafter, of any revised target dates) for the commencement and completion of the Tenant Improvements and for the opening of the Premises for business.

(b) All designers or engineers employed by Tenant shall be familiar with the project working drawings to the extent necessary to complete the required architectural, mechanical and electrical working drawings and specifications. Tenant acknowledges that Landlord has made available to Tenant a complete set of Architectural Drawings for the Project/Building/Premises.

2. **Submission of Preliminary Plans and Specifications.** Tenant has provided Landlord with three (3) printed sets of preliminary plans and specifications demonstrating design intent which have been approved by Landlord.

3. **Submission of Final Plans and Specifications.** Within thirty (30) after the Commencement Date, Tenant shall submit three (3) printed sets of final plans and specifications and such other information as may be necessary for the Tenant Improvements to be approved.

4. **Approval of Final Plans and Specifications.** Landlord shall notify Tenant of its approval of Tenant's final plans and specifications or indicate any changes required, in which case Tenant shall resubmit for approval amended plans and specifications within an additional fifteen (15) business days after Tenant is notified of the required changes by Landlord.

5. **Working Drawings and Specifications.** Each set of working drawings and specifications shall be of uniform size to a minimum scale of 1/8" to each foot and shall include, hut not be limited to, the following:

(a) floor plans;

(b) reflected ceiling plans;

(c) specifications, identification and colors of materials for all plans and work;

(d) interior elevations and finish schedule; and

(e) engineered plans and specifications for all electrical, mechanical, and plumbing work, including details and performance information relating to all fixtures, equipment and any under-floor services, including conduit runs to be recessed or buried in the floor.

C. GENERAL REQUIREMENTS

1. **Workmanship and Materials.** All of the Tenant Improvements required by Tenant to complete the Premises for occupancy shall be carried out with good workmanship and with first class materials, which shall all be of a high quality and shall be conforming to the best standards of practice, and shall conform with applicable laws.

2. **Proof of Insurance.** Before commencing The Tenant Improvements, Tenant shall furnish written proof to Landlord that general liability, worker's compensation and any other insurance required by Landlord has been effected and is in force to the limits and on the terms which Landlord may approve. Landlord shall be named as an additional insured in Tenant's insurance.

3. **Access and Rules.** Tenant and its contractors shall access the Premises through the rear service alley only, in order to execute The Tenant Improvements, subject to

compliance with all reasonable rules, regulations and stipulations which Landlord or its contractor may make from time to time. These rules, regulations and stipulations may include, but shall not be limited to, matters relating to:

(a) the handling and storage of material and equipment;

(b) hours of work and coordination of activity;

(c) use of the facilities and utilities;

(d) scheduling of work;

(e) deliveries; and

(f) clean-up of work and the disposition of refuse.

4. Refuse Removal. Tenant shall at all times keep the Premises and all other areas clear of all waste materials and refuse caused by itself, its suppliers, contractors or by their work. Tenant shall remove all waste materials and refuse directly from the Premises and shall deposit them in places or in receptacles provided by Tenant at Tenant's sole cost and expense specifically for the disposal of waste materials and refuse in connection with the Tenant Improvements (which receptacles shall be located at a place designated by Landlord). In no event shall Tenant's construction debris be placed in with the rubbish and trash of other tenants. Landlord may require Tenant to clean up on a daily basis, and shall be entitled to clean up at Tenant's expense if Tenant fails to comply with Landlord's reasonable requirements in this respect.

At the completion of The Tenant Improvements, Tenant shall leave the Premises clean and to the satisfaction of Landlord and shall remove all tools, equipment and surplus materials from the Premises and Project and remove all waste material and refuse from the Premises and deposit them in places or in receptacles designated by Landlord. The final clean-up shall include the cleaning of all lighting fixtures, millwork units, storefronts and space which may be affected by the work.

5. Landlord's Reimbursement. Landlord shall not in any way be responsible or liable with regard to any work carried out or any materials left or installed in or about the Premises and shall be reimbursed for any additional costs and expenses caused which may be occasioned to it by reason thereof', and for any delays which may be directly or indirectly caused thereby to Landlord or its contractor.

6. Damage by Tenant. Any damage caused by Tenant's contractor or subcontractors employed on the Tenant Improvements to any work of the structure or the systems incorporated in the facility or to any property of Landlord or of other tenants shall he repaired to the satisfaction of Landlord.

7. Failure to Perform Work. If Tenant's contractor neglects to carry out the work properly or fails to perform any work required by or in accordance with the approved plans and specifications, Landlord, after five (5) days' written notice to Tenant and Tenant's

contractor, may without prejudice to any right or remedy Landlord may have, complete the work, remedy the defaults or make good any deficiencies and Tenant shall reimburse Landlord for such costs, as additional Rent, within ten (10) days after written demand.

8. **Security.** Tenant shall be entirely responsible for the security of the Premises during construction and Landlord shall not be liable for any loss or damage suffered by Tenant.

9. **Fire Protection.** Tenant shall maintain and keep on the Premises at all times during construction and the term of the Lease, a suitable portable fire extinguisher for Class A, B and C fires and shall comply with any additional requirements and regulations imposed by the fire marshal and all other appropriate governmental agencies.

10. **Indemnification.** Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, liabilities, losses, costs, damages and expenses arising out of work done by Tenant or Tenant's contractors.

11. **Performance of Construction.** Tenant shall perform its work expeditiously and efficiently and shall complete the same so as to permit Tenant to open for business as soon as reasonably possible, subject only to circumstances over which Tenant has no control and which by the exercise of due diligence could not have been avoided.

D. NON-COMPLIANCE

1. **Non-Compliance.** If Tenant does not comply with the provisions of the Lease or any other agreement relative to the construction or occupation of the Premises, including this Exhibit, Landlord, in addition to and not in lieu of any other rights or remedies, may (subject to applicable notice and cure provisions): to declare and treat Tenant's noncompliance as a default or breach of covenant under this Lease and exercise any right available under the provisions of this Lease, including the right of termination.

2. **Termination; Retention or Demolition of Tenant Improvements.** In any event of termination pursuant to the above provision, Landlord may further elect either to:

(a) retain for its own use without payment therefor all or any of the Tenant Improvements which has been commenced, installed or completed to the date of such termination; or

(b) forthwith demolish or remove all or any work and restore the Premises to the condition in which the same were prior to the commencement, installation or completion of all or such of the Tenant Improvements and recover the cost of so doing from Tenant.

EXHIBIT "C"

RULES AND REGULATIONS

1. Except as may be specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall he installed or displayed on any part of the outside or inside of the Building or Project (except within the Premises) without the prior written consent of Landlord. Tenant shall not place anything against or near exterior windows or doors which may appear unsightly from outside the Premises or which are visible from the exterior of the Premises (other than approved window coverings, automobiles or other merchandise or displays consistent with Tenant's permitted uses of the Premises). Landlord shall have the right to remove, at Tenant's expense and with 24 hours' prior written or oral notice, any sign installed or displayed in violation of this rule.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project (and shall transport vehicles to and from the Premises only through the rear service alley from midnight through 6:00a.m.). The halls, passages, exits, entrances, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety and interest of the Project and its tenants. Neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Project.

3. Tenant shall cooperate with Landlord in maintaining the Common Areas. All cleaning and janitorial services for the Common Areas shall be provided exclusively through Landlord.

4. At Landlord's request, as a part of the Tenant Improvements, Tenant shall install new locks in, and re-key, the Premises, and in such event, Tenant shall deliver a copy of a key to all such locks to Landlord upon installation thereof. In addition, upon the termination of its tenancy, Tenant shall deliver to Landlord the keys to all doors and locks in the Premises.

5. All contractors and technicians rendering any service to Tenant shall be referred to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed) and supervision prior to performing any such service. This applies to all work performed in the Building, including but not limited to, installation of telephone and telegraph equipment and electrical devices and installations affecting floors, walls, woodwork, windows, ceilings and any other physical portion of the Building. None of Tenant's contractors or subcontractors shall be entitled to (1) display identification or other signage at the Project, (2) use the passenger elevators at the Project, or (3) park anywhere in the Parking Structure except in the area designated by Landlord.

6. No deliveries shall be made which materially interfere with the operation of the Project. No outside food vendors shall be permitted within the Project except for making of specific deliveries of previously ordered items to the Premises or the premises of another tenant.

7. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

8. Except as set forth in the Lease, Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.

9. Tenant shall not use any method of heating or air conditioning other than that installed by Landlord, except for supplemental air conditioning systems installed in accordance with the provisions of the Lease.

10. Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall keep corridor doors closed.

11. Landlord reserves the right, exercisable upon thirty (30) days prior written notice to Tenant, to change the name and/or street address of the Building.

12. Tenant shall close and lock the doors of its Premises before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

14. Tenant shall not use the Premises for any business or activity other than that specifically provided for in this Lease.

15. Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof(s) or exterior walls of the Building or Project. Tenant shall not interfere with radio or television broadcasting or reception from or in the Project or elsewhere.

16. Tenant shall not deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to Alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the

Premises. Tenant shall not cut or bore holes for wires, except in accordance with the provisions of the Lease pertaining to Alterations. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord to the extent required by the provisions of the Lease pertaining to Alterations. Tenant shall repair any damage resulting from noncompliance with this rule.

17. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate to prevent such activities.

18. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Project.

19. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

20. [INTENTIONALLY DELETED]

21. Tenant shall comply with all reasonable safety, fire protection and evacuation procedures and regulations established by Landlord or army governmental agency.

22. Tenant's requirements will be attended to only upon appropriate application to the Project management office by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

23. There shall be no smoking within the Building or immediately adjacent to Building entrances (except in areas, if any, designated therefor by Landlord).

24. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant.

25. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease.

26. Upon written notice to Tenant, Landlord reserves the right to rescind any of these Rules and Regulations and to make future Rules and Regulations as, in its judgment, may from time to time be needed for safety, comfort and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted and of which Tenant has received written notice.

27. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, customers, invitees and guests.

28. Landlord reserves the right to charge as additional Rent to Tenant, any extra costs incurred by Landlord as a result of Tenant's violation of these Rules and Regulations.

EXHIBIT "D"

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

APN: _____

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of September 27, 2011, by and between the CITY OF BEVERLY HILLS, a California municipal corporation ("Landlord"), and STROUK GROUP, INC., a California corporation.

RECITALS

A. Tenant and Landlord have entered into that certain Office Lease of even date herewith (the "Lease"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from City, space in the building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 447 N. Canon Drive and more particularly described on Exhibit A attached hereto (the "Property"), as provided in the Lease.

B. Tenant and Landlord now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Lease. Landlord hereby leases and demises to Tenant, and Tenant hereby leases and accepts from Landlord, the portion of the Property defined as the "Premises" in the Lease for a term of twenty years at the rental and upon the other terms and conditions set forth in the Lease, which terms and conditions are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS,
a municipal corporation

By: _____
Barry Brucker,
Mayor

ATTEST:

_____ (SEAL)
Byron Pope,
City Clerk

TENANT:

STROUK GROUP, INC.,
a California corporation

By: _____
Stephane Strouk,
Chief Executive Officer

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On 9 · 19 · 2011, before me, JODY C. LANDERS, NOTARY PUBLIC
(insert name and title of the officer)
Notary Public, personally appeared Stephane I STROUK, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

JODY C. LANDERS
Commission # 1875817
Notary Public - California
Los Angeles County
My Comm. Expires Jan 31, 2014

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On _____, before me, _____,
(insert name and title of the officer)
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____ (Seal)

Wally's Sublease Space

Sublease Common Area

Sublease Calculation

Total Square Footage	6,280	sf
Designated Common Areas	1,373	sf
Load Factor	22%	
Wally's Sublease Area	1,200	sf
Plus Load Squarre Feet	300	sf
Total Sublease Space	1,500	sf

JESS ESPARZA & ASSOCIATES
ENGINEERING · PLANNING
6127 YORK BOULEVARD
LOS ANGELES CA. 90042-3841
PHONE: (213) 806-3862
EMAIL: JESSESPARZA@AOL.COM

A Project for

MONSIEUR MARCEL GOURMET MARKET AND RESTAURANT
447 N. CANON DRIVE
BEVERLY HILLS CA. 90210

OWNER:

CITY OF BEVERLY HILLS
455 NORTH DRIVE
BEVERLY HILLS CA. 90210

TENANT:

MONSIEUR MARCEL GOURMET MARKET AND RESTAURANT
c/o STEPHANE STROUK
6333 W. 3RD STREET
LOS ANGELES CA. 90036

No.	Description	Date

Drawn By:
Reviewed By:
Scale: 3/16" = 1'-0"
Date: 01/09/12
Job #:

Sheet Title:

EXISTING FLOOR PLAN

Sheet #

A-1.0